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Minutes of Meeting of
Projects Review Committee
Central Intelligence Agency

held in Rm. 7129
 FWA Building
 Washington, D.C.
 at 10:00, 4 June 1948

~~RESTRICTED~~25X1A9a I. Members Present:

[REDACTED] Executive Director, Chairman
 Mr. George G. Carey, Assistant Director for OO
 Mr. E. R. Saunders, Budget and Finance Branch, A&M

25X1A9a Others Present:

[REDACTED] Executive for Administration and
 Management
 Mr. Lawrence R. Houston, General Counsel
 [REDACTED] Chief, Services Branch, A&M

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II. Project Under Consideration: Project 00-32, supplanting
 Project 00-24, and authorizing increased allocation of
 funds for [REDACTED] at [REDACTED]

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III. Scope of Project:

(1) The Assistant Director for Office of Operations
 supplies information indicating that on receipt of new cost
 estimates for establishment of the [REDACTED]

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25X1A6a at [REDACTED] the funds allocated by Project 00-24 in

25X1A the amount of [REDACTED] are inadequate for the Project contem-
 plated.

25X1A12 (2) Original construction costs were based on figures
 supplied by [REDACTED] without opportunity to make a detailed study
 of all factors involved. In view of CIA's lack of a staff
 equipped to produce engineering drawings and specifications,
 and to supervise construction, it has been found necessary to
 request the [REDACTED] to contract for and supervise
 construction of the station and installation of basic equipment.
 25X1A The Engineers have submitted as estimate for this work totaling
 [REDACTED]

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(3) Considerable procurement of the technical equipment to be procured by CIA has been accomplished at an approximate cost of \$75,900. The cost of additional materials and equipment yet to be purchased is estimated at approximately \$10,000.

(4) Title to the 96 acres involved has been acquired, and \$32,295 has been paid into Court. The final cost of the land awaits determination of the U. S. District Court, based on a jury hearing, and it is felt that the amount of \$60,000 heretofore allocated for this purpose allows a safe margin.

(5) In view of previous experience, where adequate funds to take care of unforeseen contingencies have not been allocated, an additional amount of \$5,800 is provided for contingent expenses.

(6) The total scope of the project is \$500,000, inclusive of amounts already expended.

IV. References:

(1) Project 00-24, approved by the Director on 1 April 1948.

(2) Memorandum for the Projects Review Committee, dated 2 June 1948, from the Chief, [REDACTED] and the Chief, Services Branch, recommended for approval by the Assistant Director for the Office of Operations, with cost estimates attached, subject: "Project

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00-24, [REDACTED]

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(3) Memorandum to the Chairman, Projects Review Committee, dated 3 June 1948 from the Executive for Administration and Management, subject: "Project 00-24".

V. Discussion:

Mr. Houston opened the discussion with an explanation that information received from the [REDACTED] indicated that the amount allocated in Project 00-24 would be clearly inadequate to complete the construction and equipment of the station at [REDACTED]

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[REDACTED] opened a discussion of the reasons for this inadequacy in the original estimates. It was pointed out that, due to the pressure of time, the original estimates were drawn up by the Services Branch, A&M and [REDACTED] officers, FOIAb3b1 based on discussions of the various factors involved. The major item involving construction of buildings and basic installations was discussed without detailed drawings or specifications, or opportunity to look into current cost figures for this type of work. The building construction figure of 75¢ per cubic foot, supplied by [REDACTED], proved to be completely unrealistic, even though the figure of \$1.00 per cubic foot was used for estimate purposes. It was not until after approval of the Project that there was opportunity to have the [REDACTED] make a cost estimate, based on detailed drawings and specifications, which indicated a construction cost of \$15.00 per square foot, as opposed to \$1.00 per cubic foot. This amounts roughly to a difference of \$5.00 per square foot. Several other items of the original estimate were similarly increased, although a few were decreased by the [REDACTED] to a minor extent. In all, the [REDACTED] estimate for construction costs is \$184,500 over the original CIA estimate.

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[REDACTED] pointed out that a preliminary allocation to make such studies would avoid such guesswork and provide a better basis for submission of projects. [REDACTED] stated that in the future there would be an administrative determination in each case where construction was involved, for the amount needed, to study the situation, and this amount would be presented to the Committee as a preliminary project.

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[REDACTED] pointed out that in revising their estimates, other figures outside of the construction costs had been revised

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downward in the amount of some \$60,000. This included a reduction in the estimated final cost of the land of \$20,000 to a total of \$40,000. Mr. Houston pointed out that since funds for acquisition of land required specific appropriation authority, which CIA has only to the end of this fiscal year, and since it is impossible to predict the amount a jury will allow as the final cost of the land, \$40,000 did not appear to be a safe margin, and it would be preferable to repeat the allocation of the full \$60,000 previously allowed for this purpose.

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██████████ proposed that in view of CIA's previous experience, particularly at ██████████, additional funds be allocated to provide for contingencies which would, in all probability, arise. Since the construction estimate was \$348,300, the estimated total cost of material and equipment was \$85,900, and the allocation for cost of the land was \$60,000, totaling \$494,200, ██████████ proposed a total allocation of \$500,000, which would allow a contingency fund of \$5,800.

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Mr. Carey inquired whether use of private contractors directly by CIA would not be cheaper than having the work done by the ██████████. It was pointed out that CIA was not equipped to draw the necessary plans and specifications, or to supervise the work of private contractors, and if the Engineers were not used, it would be necessary to recruit a complete staff of architects and engineers. It was estimated that the cost to CIA of doing such work, together with various other costs involved in dealing with private contractors, labor problems, and possible claims arising out of construction would exceed the overhead charged by the ██████████ for their conduct of this Project. The Committee, therefore, approved the Project in the amount of \$500,000.

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The Projects Review Committee recommends that the Director approve a total allotment of \$500,000 to replace the allotment of \$351,600 authorized in Project 00-24 for the construction of a [REDACTED] at [REDACTED] to be obligated against appropriations for the fiscal year 1948, broken down as follows:

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(1) Costs to date:

(a) Costs of material and technical equipment:

\$75,900

(b) Preliminary payment for the acquisition of land:

\$32,295.

(2) Estimated Future Costs:

(a) Construction by the [REDACTED] of building and basic installations:

\$348,300

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(b) Cost of additional materials and equipment to be purchased:

\$ 10,000

(c) Contingent funds against final jury determination of cost of land:

27,705

(d) Fund for contingencies:

5,800

Total

\$500,000.

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JUN 4 1948

[REDACTED]
Captain, USN
Executive Director

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APPROVED: [REDACTED]

7 JUN 1948

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central Intelligence

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